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SUMMARY

China is on the rise, with its remarkable economic growth and active diplomatic policies, affected by and also impacting the global political economy. Chinese outward foreign direct investment (OFDI) has increased dramatically with the economic integration in the world since 2001. Europe became the fastest growing destination of Chinese outward foreign investment after 2008. This research was conducted to explain the underlying rationale behind Chinese OFDI in the European Union (the EU), by exploring **the research question: ‘how and why do Chinese investors invest increasingly in the EU since 2002?’**

Overview

To answer this question, the dissertation first reviewed the status quo of the existing theoretical approaches, finding that a relatively comprehensive analytical framework was needed because of the complex dynamics of globalization (Chapter 1). After introducing the landscape of Chinese OFDI in the EU from 2002 to 2018 (Chapter 2), we selected three Chinese multinational firms’ FDI in the EU to apply and elaborate on this framework. These case studies present the motivations and strategies of firms with different ownerships (state-owned, employee-owned or private) in selected industries (shipping industry, automobile industry as well as information and communication technology industry) against the backdrop of domestic and global political economy. They are China Ocean Shipping Company (COSCO)’s investment in the Piraeus Port (Chapter 3), Chinese automotive manufacturer Zhejiang Geely’s successful acquisition of Volvo Car in 2010 (Chapter 4), and Huawei Technologies’ business performance in the EU (Chapter 5).

Approach

The ‘levels of analysis problematic’ is used as a framework to analyze different actors involved in Chinese firms’ OFDI in the EU. In this comprehensive framework, we integrate several theoretical approaches to investigate as many relevant factors as possible impacting Chinese investment in the EU and further to highlight the key factors at certain levels. In terms of the research methodology, a broad mix of data and methods are applied in this study. Quantitative data are used to describe the facts of Chinese OFDI in the EU while qualitative data such as government documents, public media news coverage and first-hand personal interviews are subjected to content analysis and discourse analysis in the case studies. This study also applies smart eclectic conceptual analysis to integrate various theories within the levels of analysis framework (Chapter 7). Combined with the analysis of the implications of Chinese OFDI in the EU for China’s economic growth strategy (Chapter 6), the dissertation aims to provide a quite comprehensive analysis.

Findings

This study has found that Chinese OFDI in the EU has been increasing in the post-financial crisis period, revealing new patterns compared to before the global financial crisis (2002-2008). This could be explained by two sets of factors. The forced privatization of (undervalued) assets in the EU due to the Eurozone debt crisis, as well as a relatively friendly investment environment, are pull factors, attracting Chinese

investors to the EU; the main push factors are the Chinese efforts to reduce dependence on export and reliance on the US dollar, as manifested in the Chinese government's Going Global Policy. However, with increasing Chinese investment flushing into the EU and with the dynamics of globalization, the EU recently shifted to a more cautious attitude towards Chinese OFDI. The pull effect appears to be gradually fading.

This study also has found that existing opinions on Chinese state-owned enterprises and the role of the Chinese government in Chinese OFDI in the EU need to be revised. First, the key individuals in non-SOEs are as might be expected most influential in the decision-making and promotion of OFDI, but the roles of their counterparts in SOEs are actually important as well. Secondly, Chinese SOEs' investment in the EU serves political intentions to some extent. However, we find that SOE investments in the EU are mainly driven by commercial considerations just as with Chinese private firms. Third, contrary to the existing opinion that the Chinese government is inclined to favor SOEs, in reality the Chinese government adopted a pragmatic approach to supporting Chinese firms' OFDI in the EU, no matter whether the firm is state-owned or not.

This study also has shown that OFDI is a key factor in China's economic development. Chinese OFDI in the EU displays an important turning point in China's growth path, shifting from export and inward investment-driven growth to export and outward investment-driven growth. This implies China's accumulation strategies gradually transferred from a Ricardian strategy (1978-2001) to a Kaldorian strategy (2002-2018). Meanwhile, China's growth model shares with Japan and Korea: for instance, exports as an important driving force for economic growth. But it also has different features, especially on FDI policy.

In addition, this study has found that Chinese OFDI in the EU also reflected the changes in global capital accumulation and the transformation of global production networks. For one thing, it represents large capital flows from an emerging economy to the advanced economies. For another, in terms of global production, industrial leaders, in order to keep their leading position, can and must nowadays focus on the high value-added activities in the value chain rather than control the overall value chain. Latecomers may thus catch up by moving up and positioning in the high added-value parts in the global value chain through leapfrogging.

This dissertation contributes to providing a relatively comprehensive analytical framework based on the levels-of-analysis problematic, and then integrates various complementary theoretical approaches, using a variety of data. This comprehensive approach transcends the traditional single perspective to analyze the phenomena; instead, it employs various perspectives to capture the complex interaction among actors involved in the dynamic globalization process. It is hoped that this study thereby offers fruitful suggestions for further research on understanding the rise of China in a changing world.